

Message Text

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TO SECSTATE WASHDC IMMEDIATE 9877

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E.O. 11652: GDS

TAGS: EAIR, RP

SUBJBCT: CIVAIR- PAN AM CARGO PERMIT

REF: (A) MANILA 472; (B) MANILA 707

1. IN TALK WITH AMBASSADOR MABILANGAN JAN 16, ECON/COMMERCIAL COUNSELOR WAS INFORMED THAT GOP REPLY TO U.S. NOTE WHICH WAS ENROUTE (TEXT CABLED REF B) MAINLY CALLED ATTENTION TO FACT THAT ISSUES WERE UNDERADJUDICATION IN PHIL CAB. MABILANGAN ALSO CONVEYED FOLLOWING QUOTE REFLECTIONS UNQUOTE WHICH HE SAID WERE QUOTE WITHOUT ANY AUTHORITY UNQUOTE BUT OBVIOUSLY INDICATE A GOOD DEAL OF DISCUSSION INSIDE GOP.

2. PAL CASE IN SAN FRANCISCO. MABILANGAN SAID HE HAD BEEN DISCUSSING POSSIBLE OUT-OF-COURT SETTLEMENT OF THIS CASE WITH PAL, THE PHIL CAB AND OTHERS. HE FOUND SOME DISPOSITION, HE SAID, TO SETTLE OUT OF COURT, BUT THE PENALTY OF \$100,000 SAID TO HAVE BEEN SUGGESTED TO PAL (BY WHOM NOT CLEAR) WAS CONSIDERED EXCESSIVE. MABILANGAN SAID \$10,000 WOULD BE MORE LIKE IT, TAKING INTO ACCOUNT PAL'S EMPTY DC-10 RETURN FLIGHT.

3. PAN AM QUOTE ENFORCEMENT UNQUOTE CASE. THERE IS PENDING SAID MABILANGAN, AN ENFORCEMENT ACTION AGAINST PAN AM RELATING TO THE OCTOBER 21, 1974 INVESTIGATION OF
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PAN AM CARGO LOADINS AT MIA. REMINDED THAT SO FAR THIS

WAS ONLY A PAL CHARGE AGAINST PAN AM, MABILANGAN FLUTTERED BUT CHARGED ON WITH THE SUGGESTION THAT IF CAHRGES WERE DROPPED IN SAN FRANCISCO AGAINST PAL, THE CHARGE AGAINST PAN AM COULD ALSO BE DROPPED.

4. MILITARY CARGO AND MAIL PERMIT. IN REPLY TO A FURTHER REQUEST THAT PANAM'S BASIC PERMIT COVERING MILITARY CARGO AND MAIL BE RESTORED WHILE ACTION IN CAB BEING CONSIDERED, MABILANGAN INDICATED GOP WAS NOT, REPEAT NOT, INTERESTED IN SEEING THIS PERMIT AS SUCH RESOTRED. HE DID NOT INDICATE SOURCE OR LEVEL AT WHICH THIS VIEW IS HELD.

5. A TRADE FOR GUAM. INSTEAD OF SEEKING A RESTORATION OF THE MILITARY CARGO AND MAIL RIGHTS, MABILANGAN SAID PAN AM SHOULD APPLY TO THE PHIL CAB FOR QUOTE FULL COMMERCIAL CARGO RIGHTS, UNQUOTE AND THIS REQUEST WOULD BE QUOTE FAVORABLY CONSIDERED, UNQUOTE BUT THAT GOP QUOTE WOULD EXPECT SOMETHING IN EXCHANGE. UNQUOTE ASKED WHAT THAT MIGHT BE, MABILANGAN SPECULATED IT WOULD BE GUAM.

6. COMMENT. ALTHOUGH MABILANGAN SURFACED FOREGOING WITH GREAT THROAT CLEARING AND DISCLAIMER IT IS OBVIOUSLY THE MUCH AWAITED OTHER SHOE. IT DOES NOT EXPLECITLY TIE REASON FOR CHARGES AGAINST PAN AM TO PAL PROBLEM IN SAN FRANCISCO-- THAT WOULD IGNORE PAL'S LONG-STANDING OBJECTION TO PANAM'S DAY-TO-DAY PERMIT-- BUT A LINK IS FINALLY ADMITTED. IN SIMILAR DEGREE, THE DESIRE TO REOPEN BARGAINING ON GUAM IS NO GREAT SURPRISE.

7. THE PLAY ON CARGO RIGHTS AS SUCH IS INGENIOUS. WHILE ASSERTING DISINTEREST IN SEEING THE QUOTE MILITARY CARGO AND MAIL UNQUOTE FLIGHTS RESTORED, MABILANGAN OFFERS TO BARGAIN FOR FULL COMMERCIAL TRAFFIC RIGHTS FOR PAN AM WHICH, OF COURSE, WERE NOT COVERED AS AN ESTABLISHED RIGHT BY THE INTERIM AGREEMENT, BUT WHICH IN EFFECT PRECIPITATED THE CRISIS WHEN PAN AM SOUGHT TO UPGRADE ITS PERMIT TO THIS EXTENT. IT WOULD THUS APPEAR THAT WE HAVE A CHOICE BETWEEN EFFORTS (A) TO RESTORE THE STATUS QUO ANTE; OR (B) BARGAIN FOR THE STATUS OUR CARRIER WAS SEEKING.

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IM APPRECIATE DEPARTMENT COMMENTS AND SUGGESTIONS ON FOREGOING, IN LIGHT PROPOSAL SUBMITTED REFTTEL (A) AND OF DFA NOTE TRANSMITTED REF (B).
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